

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2681 - HB 3513

March 20, 2012

SUMMARY OF BILL: Requires a local government to seek approval from the Comptroller before incurring debt if such local government holds debt in excess of 10 percent of the assessed valuation of its taxable property or if incurring new debt would exceed 10 percent of the assessed valuation of its taxable property. Requires the Comptroller to establish policies and procedures to effectuate this requirement.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$75,600

Other Fiscal Impact – Any fiscal impact incurred by local governments as a result of the requirement to obtain the Comptroller’s approval prior to incurring additional debt is dependent upon several unknown factors and cannot be reasonably determined.

Assumptions:

- According to the Comptroller, a new position would be needed for preparation of policies and procedures, performance of the evaluation, and monitoring of such debt.
- This additional position will result in a recurring increase in state expenditures of \$75,600 (salary \$55,000, benefits \$17,600, and computer, networking, office supplies, etc. \$3,000).
- Due to a number of unknown variables, including potential debt that will be incurred, potential debt that would have been incurred, and the individual financial standing of over 400 counties and municipalities, the exact fiscal impact to local governments is not quantifiable.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jdb